

## FISCAL NOTE

TO: Chief Clerk of the Senate  
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: March 1, 1995

SUBJECT: **HB 1507 - SB 1625**

This bill, if enacted, will give preference to *goods* manufactured within the State of Tennessee; provided, that the cost of such goods do not exceed 5% of the cost of acquiring the goods from manufacturers outside the state. This bill also provides that all bids from out-of-state suppliers shall be rejected if there are five or more bids from in-state providers.

The fiscal impact from enactment of this bill is estimated to be an increase in state expenditures of an amount in excess of \$1,000,000. This estimate is based on data collected in April of 1993 which showed total out-of-state purchases through contracts and purchase orders in the amount of \$43,667,471. If the average cost of buying these goods in-state were 2.5% higher on the average, the amount of cost increase would have been \$1,091,687.

Enactment of this bill is also estimated to result in a cost increase for local governments\*, since they are permitted to buy from state contracts. The amount of increase cannot reasonably be determined but is estimated to exceed \$100,000.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*